

STATE OF CALIFORNIA
DEPARTMENT OF CONSUMER AFFAIRS
BOARD FOR PROFESSIONAL ENGINEERS, LAND SURVEYORS AND
GEOLOGISTS

INITIAL STATEMENT OF REASONS

Hearing Date: June 22, 2011

Subject Matter of Proposed Regulations: Fees

Sections Affected: Title 16, Division 5, Section 407, 428 California Code of Regulations (CCR)

PURPOSE:

The purpose of the proposed amendments is to re-align the Board's application and renewal fees for Engineering and Land Surveying to the actual expenditures required effective for FY 2012-13 at which time licensee applicants will pay their national exam fees directly to the Board's national association, the National Council of Examiners for Engineering and Surveying (NCEES). Payment by applicants of the NCEES daily exam administration fees, along with the exam book and scoring fees, directly to NCEES is the most cost effective payment method to comply with the new NCEES' requirement that the national exams be administered by NCEES staff effectively ensuring the integrity of the NCEES exam materials.

FACTUAL BASIS/RATIONALE:

The Board's national association, NCEES, recently notified the Board of a new exam security policy that requires the administration of NCEES exams be conducted by NCEES staff effective for the October 2011 exam administration. Currently, the Board staff administers both the national and the California state-specific examinations twice each year, however, some exams are held only once a year. The Board pays directly to NCEES all required national exam booklet and grading fees for each examinee. The Board's existing expense budget cannot accommodate the additional daily administration fees required for NCEES to administer the national exams. NCEES' daily administration fees are \$100 for each professional examination and \$70 for each fundamental (in-training) exam. Additional one-time funding from the Board's fund reserve has been requested to support the FY 2011-12 additional NCEES administration fees, however, funding beyond FY 2011-12 will deplete the Board's fund reserve. The Board's regulations currently require a \$275 application fee for professional licensing applications and a \$100 for in-training certifications. This application fee funds a portion of the expenses for application processing, eligibility determination, national & state exam materials, national & state exam administration and national & state exam scoring. The Board's license renewal revenue currently subsidizes 30% of these exam- related expenditures.

Board staff determined that payment by applicants directly to NCEES for the national exam books, daily administration and scoring of the national exams is more cost efficient than to increase the Board's expenditures for the additional NCEES administration fees required. This change will reduce the Board's FY exam administration expenditures by an estimated \$1.7 million and reduce FY revenue by an estimated \$1.7 million.

The Board is authorized by Business & Professions (B&P) Code Sections 8740(b) 8745, 6750(b) and 6754 to contract a public or private organization to administer the examinations and to receive examination fees directly from the Board's applicants. The proposed Section 407 amendments to fees are also within the fee limits specified in the B&P Code Section 6799 and 8805.

The proposed changes will:

1. Amend CCR Sections 407(b),(1),(2),(3),(4) to reduce from \$275 to \$110 the application fee for the authority titles of "Structural Engineer," "Geotechnical Engineer," and for licensure as a professional engineer, and licensure as a professional land surveyor.
2. Replace the current CCR Section 407(c) with language to require the \$110 fee for each of the state-specific exams (Civil Seismic Principles, Civil Engineering Surveying, Geotechnical Engineer, Land Surveying and Traffic Engineering) required for licensure.
3. Amend CCR Section 407(b)(5) to reduce from \$100 to \$40 the application fee for a certification as an Engineer-in-Training and for a certification as a Land Surveyor-in-Training.
4. Replace the current CCR Section 407(c) with 407(d) to reduce effective July 1, 2012 the biennial license renewal fee from \$125 to \$110.
5. Replace the current CCR Section 407(e) with 407(f) to reduce from \$87.50 to \$55.00 the retired license fee.
6. Delete from CCR Section 428(b) the words "of filing" to read: "date of an application."

UNDERLYING DATA:

The Board relied upon the following staff documents:

- 1) January 13, 2011 letter from NCEES regarding policy requirement.
- 2) January 28, 2011 Board Agenda Item IX.
- 3) Minutes of the January 28, 2011 Board meeting.
- 4) Fiscal Year 2011-12 Spring Finance Request, National Exam Administration.

BUSINESS IMPACT:

The Board has determined that the proposed regulatory action will have no significant statewide adverse economic impact directly affecting businesses. The proposed regulations will affect currently licensed professional engineers and/or land surveyors as it applies to the proposed reduction in license renewal fees. The proposed regulations will affect individuals that apply for a license as a professional engineer, a professional land surveyor, and for a certification as an Engineer-in-Training or a Land Surveyor-in-training as the total exam administration fees required will increase with the exception of the license disciplines of Geotechnical Engineer and Traffic Engineer that will decrease.

SPECIFIC TECHNOLOGIES OR EQUIPMENT:

These regulations do not mandate the use of specific technologies or equipment.

CONSIDERATION OF ALTERNATIVES:

Alternative #1 – Augment the Board’s budget by \$1,124,000 in FY 2011-12 to contract with NCEES for exam administration of all national exams required by the California Board. This one-time FY augmentation will fund the national exam administration in FY 2011-12 during which time the Board can seek approval of fee regulation amendments to require exam applicants to pay national exam fees directly to the Board’s national association.

Alternative #2 – Augment the Board’s budget by the additional \$1,124,000 ongoing to fund the additional expense required to contract with NCEES to conduct the exam administration. The additional expense will create a fund imbalance whereby the Board’s expenditures exceed revenue each FY resulting in an eventual fund deficit that will require the Board to increase exam applicant fees.

Alternative #3 – Reduce the administration of all national exams to once each FY. Historical examinee population data shows that a reduction from 2 exams to 1 exam administration each FY does not result in a reduction in the total FY examinees-- (i.e., cancellation of the October exam administration will result in the total examinees for both October and April attending the April exam administration). The exam administration expense, therefore, doubles for the one exam administration conducted negating any savings that could be generated to fund the added exam administration expense required by the Board’s national association.

Alternative #4 – Reject the use of NCEES exams for licensure and instead develop new California state examinations for the 16 national exams now offered by NCEES. The expense for the Board to develop and grade these 16 exams now available from NCEES is more than the cost currently paid to NCEES.

Alternative #1 was chosen to address the \$100 daily exam administration fee required by the Board's national association. Board staff determined that payment by applicants directly to NCEES for the national exam books, daily administration and scoring of the national exams is a more cost efficient alternative. This change will reduce the Board's FY exam administration expenditures by an estimated \$1.7 million and reduce FY revenue by an estimated \$1.7 million.